

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF PEOPLE'S)	CASE NO. 2005-00237
GAS, INC.)	

ORDER

On April 30, 2001, in Case No. 2001-00027, the Commission approved the transfer of the Phelps portion of the Mike Little Gas Co., Inc. ("Mike Little") system to People's Gas, Inc. ("People's") and provided for the adjustment of rates on a quarterly basis in accordance with Mike Little's gas cost adjustment ("GCA") clause, which People's adopted and ratified as ordered in paragraph 3 of the Commission's Order approving the transfer.¹

On June 22, 2005, People's filed its GCA to be effective August 1, 2005.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. People's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. People's notice sets out an expected gas cost ("EGC") of \$9.9186 per Mcf, which is \$1.1169 less than the prior EGC of \$11.0355.
3. People's notice sets out no current quarter refund adjustment.

¹ Case No. 2001-00027, Joint Petition of Mike Little Gas Company, Inc. and People's Gas Inc. for the Transfer of Gas Transmission Facilities and Joint Motion for Relief from Compliance Schedule, Order dated April 30, 2001.

4. People's notice sets out a current quarter actual adjustment ("AA") of 67.75 cents per Mcf. People's incorrectly calculated its monthly costs difference for April 2005. Correcting for this error produces a current quarter AA of 53.04 cents per Mcf. People's total AA is \$2.2406 per Mcf, which is a decrease of 52.64 cents per Mcf from the previous total AA.

5. People's notice proposes no current quarter balance adjustment ("BA"). People's total BA is 27 cents per Mcf, which is an increase of 1.87 cent from the previous total BA.

6. People's GCA is \$12.4292 per Mcf, which is \$1.6246 per Mcf less than the previous rate of \$14.0538.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by People's on and after August 1, 2005.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after August 1, 2005.

2. Within 20 days of the date of this Order, People's shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 27th day of July, 2005.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

Executive Director

Case No. 2005-00237

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2005-00237 DATED July 27, 2005

The following rates and charges are prescribed for the customers in the area served by People's Gas, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

Monthly:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 1 Mcf – Minimum Bill	\$4.3971	\$12.4292	\$16.8263
Over 1 Mcf	2.7670	12.4292	15.1962